

# Kentucky Real Estate NEWS

A Publication of the Kentucky Real Estate Commission

## *All Licenses Expire on March 31, 2016!*

Your license must be renewed by March 31, 2016, in order to avoid cancellation and a fine from \$100 - \$200. Online renewal is very easy. Below are some guidelines to help you get started.

### **NAVIGATE TO THE KREC HOMEPAGE**

From the KREC website ([krec.ky.gov](http://krec.ky.gov)) click on "Online Licensing Services" and type in your license number and the last four digits of your social security number. If you do not know your license number, click on the "Licensee Database" tab from the homepage and simply look up your license number by searching for your name. Principal brokers will need to also input their registration key, which was included in their principal broker mailing.

### **UPDATE YOUR CONTACT INFORMATION**

The next step is to ensure that all of your contact information is correct. The KREC strongly encourages licensees to update this information as it changes and it is a requirement of license law. Having a valid email address is extremely important, as the KREC sends out reminders and notices by email. The KREC has already received hundreds of renewal reminders returned due to incorrect addresses. Having an incorrect address on file at the KREC is a violation of KY real estate license law.

### **RENEW YOUR LICENSE**

Follow the on screen instructions, which will depend on your license status. Renewal fees for all licensees (both active and escrow) are \$60.00. Active licensees will also need to purchase group errors and omissions insurance or show proof of private coverage. More information about errors and omissions insurance can be found on Page 8. All licensees will pay a transaction fee based upon the amount paid and the type of payment method. Remember that active licensees cannot renew until their principal broker has registered and renewed.

### **PAYMENT CONFIRMATION**

Your renewal will not be complete until you receive "Payment Confirmation." Please print this for your records. Many licensees need this for tax purposes and it serves as your official record for your renewal.



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**Kentucky**  
UNBRIDLED SPIRIT™

Issue No. 229, Winter 2016

## Comments from the Chair

by: **Kimberly Sickles,**  
**Chair**



The Kentucky Real Estate Commission is excited to announce that we will implement a new licensing management system. For the past 38 years, the KREC has managed and maintained most of its licensing and regulatory functions through the IBM Power System (AS400). Steve Koehler, from Core Systems Development, Inc., has been the programmer of the KREC's legacy system since its inception. Steve will soon be retiring to enjoy more time with his grandchildren and golf. The KREC cannot adequately express our gratitude for Steve and the wonderful system he built and maintained for the KREC, its staff, and all of its licensees over the past 38 years. He has been an indispensable asset to the KREC and the real estate community that we serve.

In July 2015, the KREC began drafting and developing bid specifications to be included in a Request for Proposals for a licensing management system. An evaluation committee was established, which included five KREC staff members. In November 2015,

after a competitively-bid procurement process with the Finance and Administration Cabinet, the KREC entered into a contract with GL Solutions, they will be provide the KREC with its new licensing management system. GL Solutions is a privately-owned company operating out of Bend, Oregon, that specializes in licensing management systems for government regulatory agencies. GL Solutions was founded 18 years ago and currently works with over 70 government agencies in 24 states. GL Solutions provides a browser-based system that is designed for each agency to help them streamline their business processes and manage all aspects of licensing and regulation.

KREC staff, along with Legacy System Programmer Steve Koehler, have been working diligently to develop a state of the art system with GL Solutions. The new KREC Suite licensing management system will provide the same online functions and capabilities that are currently available to licensees. The

new system will also have added functions and capabilities that the KREC is excited to implement, which includes what will be a brand new online functionality for new Kentucky real estate applicants. Future real estate applicants will be able to login online and upload their documentation, keep track of the application process and communicate with KREC in a more efficient and convenient manner.

The new system is user-friendly, secure, and faster. Currently, KREC staff is working on a daily basis with GL Solutions on the design of this new system. The KREC staff is very excited about all of the features this new system will offer. It is the goal of both the KREC and GL Solutions to have the new system in place by the end of 2016 or early 2017. Stay tuned for further updates and information on the KREC website and in future newsletters.

***The KREC will be  
closed on:***

***March 25, 2016 (1/2 day)  
Good Friday***

***May 30, 2016  
Memorial Day***

***July 4, 2016  
Independence Day***



## From the Director's Desk

By: **Michael W. Wooden,**  
**Executive Director**

The 2016 Kentucky General Assembly is quickly coming to an end with a scheduled adjournment date of April 12th. Before legislative business is concluded, the major issue still unresolved is approval of House Bill 303 (Kentucky's Executive Biennial Budget for FY 2016-2017 and FY 2017-2018). Governor Bevin has recommended the following appropriation for the agency, which contains a needed increase in funding as compared to previous KREC budgets.

KREC Account	FY 2016-2017	FY 2017-2018
Trust & Agency	\$1,440,700	\$1,451,300
Education Research & Recovery Fund	<u>\$ 929,800</u>	<u>\$ 931,800</u>
TOTAL	\$2,370,500	\$2,383,100

The proposed KREC budget represents an increase of \$169,600 for FY 2016-2017 and \$182,200 for FY 2017-2018 above the Commission's original budget request. The budget increase will fund the implementation and administration for KREC's new licensing management system and state mandated increases in technology-related expenses. In addition, there is no provision in House Bill 303 relating to an intergovernmental transfer of existing KREC funds to the General Fund. At this time, House Bill 303 has passed the House of Representatives and has been sent to the Senate for consideration.

Another issue we are closely monitoring is House Bill 225, which as introduced, would require administrative agencies (such as KREC) to issue professional licenses or certificates to military service members or veterans within two years of an honorable discharge if the training received by the service member or veteran could reasonably be expected to provide the necessary experience and skills. House

Bill 225 was amended by the House Veterans, Military Affairs, and Public Safety Committee to clarify that military training and experience cannot be substituted for the acquisition of a college degree or passage of a specific examination (such as the state real estate exam) when either is a prerequisite for licensure or certification. House Bill 225, as amended, passed the House of Representatives by a margin of 93-0 and is currently pending before the Senate Licensing, Occupations, and Administrative Regulations Committee. We will continue to monitor House Bill 225 to ensure the amendment remains intact as the Senate considers the legislation.

As you may know, this is an especially busy period for the KREC staff with the processing of real estate license renewals for over 22,100 active licensees and escrow licensees. This is an increase in the number of active and escrow licensees over the same period last year by 260 licensees. Remember, the license renewal period will end on March 31, 2016 for the upcoming license year commencing on April 1, 2016 and ending on March 31, 2017. If you have not renewed your license for the upcoming license year, you can initiate the process by going to the KREC website [[www.krec.ky.gov](http://www.krec.ky.gov)] and clicking on the Online Licensing Services tab. It is important for you to renew your license by the March 31st deadline to avoid having it cancelled and payment of a fine for failure to renew.

Finally, in an effort to meet our commitment to make available educational opportunities for licensees and education providers, the Commission provides underwriting support for the following real estate conferences; KREC contributed \$13,350 to cover speaker fees and expenses, conference materials, and facility rental for the Kentucky Association of REALTORS® Annual Convention and Expo, held last September in Owensboro, Kentucky. KREC has been a sponsor of the convention and expo each year since 2006. The Commission will also co-sponsor the upcoming KAR Broker Summit, to be held on April 20, 2016, in Louisville. KREC is contributing \$2,500 for speaker and program expenses.





Kimberly Sickles, Chair



Dana Anderson, Vice-Chair



Bob Roberts



Tom Biederman



Tom Waldrop

# KREC “HOTLINE” FAQs

## Property Management

By: Y. Denise Payne Wade  
KREC Staff Attorney

### QUESTION #1

*I am a principal broker and would like to open a property management company. What steps do I need to take to be in compliance with the Commission?*

### ANSWER

KRS 324.010(1) defines “real estate brokerage,” which includes “property management,” as that term is defined in KRS 324.010(9). A principal broker may freely decide whether his or her company that is on file with the Commission will offer these services, or whether he or she will open a new office solely for property management. If a principal broker chooses to open a new company for property management, then the principal broker must complete the Commission’s “Opening a New Office” form (Form 206), which can be accessed from the Commission’s website. In addition, a principal broker must pay the applicable fees and maintain a properly-verified Kentucky escrow account. Further, as stated in KRS 324.111(7), “all principal brokers whose companies engage in property management shall maintain property management accounts separate from all other accounts or specifically indicate in all escrow records if funds are property management funds.” Finally, a principal broker must also comply with the property management procedures and guidelines in 201 KAR 11:245.

### QUESTION #2

*I am a newly-licensed sales associate who owns rental properties that I would like to manage without the involvement of my principal broker. Can I legally do this?*

### ANSWER

Affiliated licensees may manage their personally-owned properties with permission from their principal brokers. When doing so, KRS 324.111(8) provides that they are not required to use their principal broker’s management account for the rental property, unless it is a principal broker’s requirement. For these reasons, affiliated licensees must always check with their principal brokers regarding this issue. They must also comply with KRS 383.580 when handling tenant security deposits. (This is required under 201 KAR 11:245, Section 4.)

Reminder: To provide property management services for others for a fee, compensation, or other valuable consideration, an affiliated licensee must do so under the supervision of his or her principal broker.



# BIG Changes are Coming to the Seller's Disclosure of Property Conditions Form

By: Rhonda Richardson

KREC General Counsel

The Commission is in the final stages of amending the Seller's Disclosure of Property Conditions Form. One big change includes removing the form in its entirety from the regulation and incorporating it by reference under 201 KAR 11:350. Once the form has been approved, licensees will be able to print the form from the Commission's website by clicking on "Legal" and then "Forms & Contracts." The anticipated approval date for the use of the new form is around the middle of May 2016.

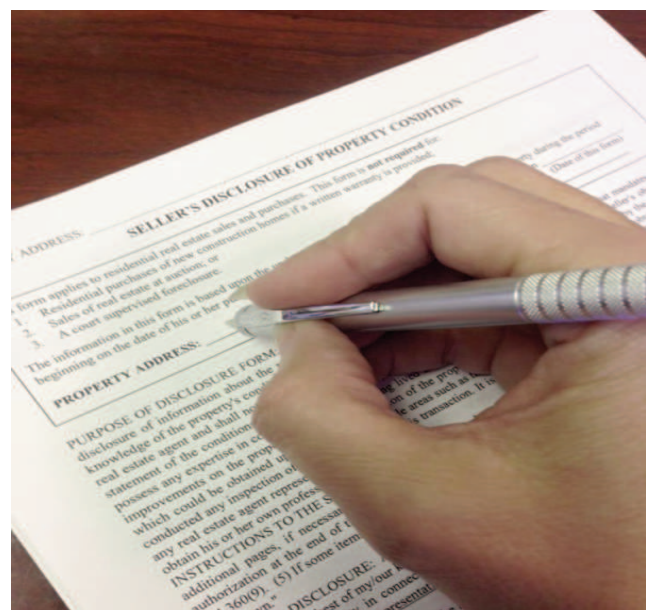
Several changes have been proposed. A definition for a "single family residential real estate dwelling" has been added to state that it includes a duplex, triplex, fourplex, condominium, townhouse, or other residential unit conveyed on a unit-by-unit basis, and a manufactured home permanently attached to land. For single family residences containing multiple units, e.g., duplex, fourplex, etc., the licensee may provide one form for the structure and disclose any details that are specific to each unit, or provide one form for each unit, at their discretion. The amended form has three new questions. Sellers are now being asked to disclose whether the property is in a "special flood hazard zone" as that term is used by FEMA (Federal Emergency Management Agency) (See our article, *Disclosure of Special Flood Hazard Area* on Page 12 of this newsletter); for the name and contact information for Homeowner Associations; and whether there is an existing environmental hazard from unremediated methamphetamine contamination on the property. The question regarding the condition of the "roof" has now been changed to "roof covering." Lastly, formatting changes were made to include a "Not Applicable" (N/A) answer and to make the form clearer.

There are three exceptions to using the Seller Disclosure of Property Condition Form. The form is not required for; (1) Residential purchases of new construction homes if a written warranty is provided; (2) Sales of real estate at auction; or, (3) A court supervised foreclosure.

Although the regulation is being amended, the Seller Disclosure statute "KRS 324.360" was unchanged. As a reminder, the seller must complete and sign the Seller Disclosure of Property Condition form at the time he or she signs the listing agreement. The listing agent is required to deliver the form to any prospective buyer or buyer's authorized representative upon request and a copy of the form shall be delivered by the listing agent to any prospective purchaser or his representative within seventy-two (72) hours of the listing agent's receipt of a written and signed offer to purchase.

If a licensee is involved in a transaction where the property offered for sale does not have a listing agreement, the licensee shall provide a blank form to the property's owner and request that the owner sign the form and deliver it to a buyer or potential buyer not later than one hundred twenty (120) hours after the creation of an executory contract. The listing broker or the broker of any licensee who presents an offer on a property not subject to a listing agreement are mandated to keep the original seller disclosure form in the transaction file.

Any questions about the Seller Disclosure of Property Condition Form should be directed to the Commission's Legal Department.



## Post-License Education Overview

On January 1, 2016, the new Post-License Education ("PLE") law went into effect. This law requires all new sales associate real estate licensees to take 48 hours of approved PLE courses within two years of activating a license. This new PLE requirement only affects new sales associate licensees who receive their license after January 1, 2016. Any sales associate licensees who received their license prior to 2016 are not required to complete the PLE requirements. New broker licensees are not obligated to meet PLE requirements. As a result, the KREC had its largest intake of new sales associate licensees ever. In December 2015, the KREC approved over 280 new sales associate licenses.

Sales associate licensees who must take the 48 hours of PLE courses will be required to take 32 mandatory hours, which consist of specified course topics, along with taking 16 elective hours in course topics of the licensee's choosing. You can find detailed information on the required Mandatory course topics on the KREC's website - [www.krec.ky.gov](http://www.krec.ky.gov). It is incumbent upon licensees who are required to take PLE, to become familiar with the education requirements and the 2-year deadline. Under the PLE law, licensees who

do not timely complete the required courses will have their license automatically canceled and will not be able to reinstate the license until all PLE requirements have been met.

The KREC is working with many education providers throughout the state to bring options for PLE courses. Several courses have already been approved for PLE credit, including a few online PLE courses. Please continue to check the KREC's website for updated information on new providers that become approved to offer PLE courses. Licensees can only receive PLE credit for courses that are approved by the KREC.

If you are not a new sales associate licensee, but are interested in taking PLE courses, you will be able to do so, and you may also be able to receive CE credit. Many of the PLE courses have been approved for both CE and PLE credit. Check with your education provider to determine the type of credit that was granted from the KREC and the number of approved hours. We will continue to update you with important new information as we continue the process of implementing the new PLE requirements.

## Post-License Education Questions & Answers

**Question** - Does the 2-year clock start running when a sales associate applicant passes the exam?

**Answer** - No, the 2-year clock starts running on the day a sales associate is issued an active license.

**Question** - If a sales associate applicant places his/her license directly in escrow at the time of application, when will his/her 2-year clock start running?

**Answer** - The 2-year clock starts running on the day the sales associate activates his/her license.

**Question** - What if an active sales associate places his/her license in escrow a few months after being actively licensed. Does the 2-year clock start over when they go into escrow?

**Answer** - No, once the 2-year clock begins, it does not stop or start over just because the sales associate is no longer active.

**Question** - When will a newly licensed active sales associate be required to complete continuing education?

**Answer** - A licensee issued a sales associate license after January 1, 2016 will not be required to attend a continuing education course during the first two (2) calendar years from the date of issuance of an initial sales associate license. For example, a sales associate issued a license on March 1, 2016 will be required to have completed continuing education by December 31, 2018.

**Question** - What will happen if a licensee fails to complete the required forty-eight (48) classroom or online hours of commission-approved post-license education?

**Answer** - The licensee's license shall be automatically canceled and it shall not be reactivated until the licensee has completed all of his or her post-license education requirements, complied with all Commission orders, and other applicable licensing requirements.





# Ten Ways to Ensure a Smooth Sailing Real Estate Transaction



1. **Keep written notes of all transactions**  
Many licensees and consumers keep notes on important discussions and events; however, not all do so. Written notes can help to refresh memories and document what actually happened, if a dispute later arises. Written notes are generally more reliable than memory, as memories often fade and events run together. Therefore, record important events and discussions.
2. **Recommendations or requests should be made in writing**  
If you are a licensee who recommends an inspection for the buyer, put it in writing. If you are a consumer who has requested specific information from the licensee, put that in writing. Written documents are usually less misunderstood and easier to answer than oral requests.
3. **Have the home inspected prior to purchase**  
A home inspection oftentimes locates real property defects prior to purchase. At the Commission, we hear of countless cases where a consumer attempts to save two hundred dollars and buys a house with a problem which later costs the consumer several thousand dollars.
4. **Return all phone calls and emails promptly**  
The Commission conducts settlement hearings in many cases where the licensee and consumer's primary difficulty is a lack of effective communication. Oftentimes, either the licensee or consumer becomes alienated because of what is perceived as a lack of communication. Many complaints can be prevented if the licensee and consumer both return all phone calls and emails.
5. **Exercise caution when acting as a licensee-party**  
A high percentage of disciplinary cases involve licensee activity while the licensee is acting as a buyer or seller. Our experience has shown that these transactions often lead to misunderstandings and hurt feelings for the consumer. Special efforts at disclosure, documentation, and communication should be considered when acting as licensee-party.
6. **Treat others appropriately**  
The Commission has found that the seeds for a complaint are often sewn when someone's feelings are hurt. Many disputes, which may have worked out, result in complaints and lawsuits when someone treats another inappropriately. Remember this tip when dealing with both consumers and licensees.
7. **Do not assume information or expertise**  
Occasionally, licensees or consumers will assume certain information is true and communicate that information without specific confirmation. Some licensees occasionally answer questions which are beyond their level of expertise. Remember to not act beyond your level of knowledge or expertise.
8. **Land-sale contracts should be properly utilized**  
The Commission receives a high number of cases in land-sale contracts (also called contract for deed) transactions. The reasons for this are not completely clear; however, all parties should be aware of the potential for difficulty in this area.
9. **Be aware of timing requirements for seller's disclosure forms**  
The Commission receives many complaints based upon delivery of the Seller's Disclosure Form to the buyers at closing. Remember the form is designed to provide the buyers with information about the property so the form should be delivered at the appropriate time.
10. **Discuss multiple-offer situations with your broker prior to listing a property and with the seller at the time of listing**  
Many calls to the Commission and Commission complaints arise in multiple-offer situations. An associate should be prepared for this situation before it happens and discuss the possibility with the broker prior to taking any listings and with the seller at the time of listing.

## Rice Insurance Services Company, LLC Awarded Group Errors & Omissions Insurance Contract

KRS 324.395 requires that all active real estate licensees shall carry errors and omissions insurance to cover their real estate activities. The KREC contracts with an insurance provider for a group policy, which is available to all active licensees, with no right on the part of the insurance provider to cancel any licensee. The KREC is pleased that the group real estate errors and omissions (“E&O”) contract for license year 2016/2017 was awarded to Rice Insurance Services, LLC (“RISC”). Principal brokers received an information sheet from RISC, which was included in the KREC renewal package, providing detailed information about the program. The group premium for 2016/2017 is \$126.00 (plus a surcharge, applicable taxes and a processing fee). The municipal taxes are based on the location of the active licensee’s business address on file at the KREC. The insurance carrier, Continental Casualty Company, a CNA insurance company, is rated “A” Excellent by A.M. Best, with RISC being the policy administrator. Licensees who wish to purchase group coverage will purchase it directly on the KREC online renewal website when they renew their license.

Licensees can find out more policy information on RISC’s website at [risceo.com](http://risceo.com), by clicking on “Kentucky,” where there is a sample policy, claims information, excess coverage options, and optional coverage, etc. Licensees must purchase the basic group policy on the KREC website, but any additional coverages and optional endorsements must be purchased directly from RISC. Licensees can find the Supplemental Enrollment form on the RISC website. To contact RISC, call 502-897-1876/800-637-7319.

**About the Group Policy:** The group program provides the required limits of liability of \$100,000 per claim, up to a \$1,000,000 aggregate, per licensee, with no deductible. The 2016/2017 group policy begins on April 1, 2016, and expires on April 1, 2017. This is a claims-made-and-reported policy. The policy does not provide coverage for claims first made before the beginning or after the end of your individual policy period, unless an extended reporting period applies.

**Policy Highlights:** The group policy automatically includes the following at no additional cost:

Primary Residence Claim Coverage: Up to policy limits for covered claims relating to the sale or listing of your primary residence under certain conditions.

Environmental Claim Sublimits: \$5,000 per covered environmental claim (defense costs and damages, combined), up to \$10,000 aggregate.

Discrimination/Fair Housing Claim Sublimits: \$10,000 per covered discrimination/fair housing claim (defense costs and damages, combined), up to \$10,000 aggregate.

Escrow Claim Sublimits: \$2,500 per covered escrow claim (defense costs only), up to \$5,000 aggregate.

Lock Box Claim Sublimits: \$5,000 per covered lock box claim (damages and defense costs, combined), up to \$10,000 aggregate.

Regulatory Complaints Coverage: Up to \$2,500 per covered regulatory complaint (defense costs only), up to \$5,000 aggregate.

Real Estate Franchisor that you represent is included in the policy’s definition of an insured for the franchisor’s vicarious liability for negligent acts, errors and omissions in your professional services.

### Requirements for Private Errors & Omissions Insurance Coverage

Licensees who purchase private errors and omissions insurance must show proof of coverage on Form #500 - Private Carrier Certification of Coverage. This form can be found on the KREC website ([krec.ky.gov](http://krec.ky.gov)) under the “Forms” tab. The form must be filled out and signed by an authorized insurance representative and uploaded to the KREC by the principal broker through the Online Licensing Services tab during registration/renewal. The minimum requirements for private errors and omissions insurance can be found on Form #500.



# Overview of the NEW FBI Fingerprint Report Process

1. In order to take any Kentucky real estate exam, applicants must certify that they have been fingerprinted and have mailed their completed fingerprint card to the Kentucky State Police (address below).
2. The *Sample KREC FBI Fingerprint Card* and *Fingerprinting Instruction Sheet* can be printed directly from the KREC website (krec.ky.gov), by clicking on “Licensing” and then “FBI Report Requirements.” Applicants are encouraged to take the sample card and instruction sheet with them to the fingerprint facility to use as a guide. Applicants can then fill out the card there with the required information provided on the *Sample KREC Fingerprint Card*. The card must be filled out in BLACK ink only and all of the fields must be completed according to the instructions listed on the *Fingerprinting Instruction Sheet*. There are two fields that must contain the following information: The **ORI Number**, which is **KY920229Z**; and the **Reason Fingerprinted** must be **KRS 324.045 Real Estate License Law**. If all of the required information is not completed, the applicant’s background check will be denied.
3. Do NOT fold or staple the fingerprint card. Do NOT sign the card until the fingerprints are taken.
4. An applicant can get fingerprinted at one of the locations listed to the right. The cost of being fingerprinted varies by location. Although fingerprinting is free at any Kentucky State Police Post, the applicant is still required to pay the **\$34.75** processing fee.
5. After being fingerprinted, the applicant must mail the completed fingerprint card and a check or money order for **\$34.75** to the address below. The Kentucky State Police will only accept a check or money order. Completed cards and a check or money order must be mailed or dropped off to:  
  
**Kentucky State Police  
Records Branch  
1266 Louisville Road  
Frankfort, KY 40601**
6. Processing of the FBI Background Report takes about 7-10 days, and the applicant’s report will be mailed directly to the Kentucky Real Estate Commission. When the applicant submits his or her application, the KREC will match up the application with the applicant’s FBI Report.



## Fingerprint Location Options & Pricing

**Kentucky State Police Post Locations** (*Fingerprinting is free at KSP locations only, but \$34.75 processing fee still applies*)

**Post 1** – 8366 State Route 45 North, Hickory, KY  
(270) 856-3721 – Must have an appointment

**Post 2** – 1000 Western KY Parkway, Nortonville, KY  
(270) 676-3313 – Must have an appointment

**Post 3** – 3119 Nashville Road, Bowling, KY  
(270) 782-2010 - Monday–Friday 8:00am–4:00pm

**Post 4** – 1055 North Mulberry, Elizabethtown, KY  
(270) 766-5078 – Wednesdays Only 10:00am-2:00pm

**Post 5** – 160 Citation Lane, Campbellsburg, KY  
(502) 532-6363 – Call ahead for availability

**Post 6** – 4265 US Highway 25, Dry Ridge, KY  
(859) 428-1212 – Call ahead for availability

**Post 7** – 699 Eastern Bypass, Richmond, KY  
(859) 623-2404 – Monday-Friday 8:00am–3:00pm

**Post 8** – 1595 Flemingsburg Road, Morehead, KY  
(606) 784-4127 – Monday-Friday 8:00am– 3:00pm

**Post 9** – 3499 North Mayo Trail, Pikeville, KY  
(606) 433-7711 – Call ahead for availability

**Post 10** – 3319 South US 421, Harlan, KY  
(606) 573-3131 – Monday-Friday 8:00am–4:00pm

**Post 11** – 11 State Police Road, London, KY  
(606) 878-6622 – Monday-Friday 8:00am–4:00pm

**Post 12** – 1266 Louisville Road, Frankfort, KY  
(502) 782-9780 – Monday-Friday 8:00am-4:00pm

**Post 13** – 100 Justice Drive, Hazard, KY  
(606) 435-6069 - Monday-Friday 8:00am-4:00pm

**Post 14** – 5975 State Route US 60, Ashland, KY  
(606) 928-6421 - Monday-Friday 8:00am-3:00pm

**Post 15** – 1118 Jamestown Street, Columbia, KY  
(270) 384-4796 – Call ahead for availability

**Post 16** – 8415 US Highway 41 South, Henderson, KY  
(270) 826-3312 – Wednesdays Only 11:00am-1:00pm

**Louisville Metro Corrections**, 400 S. 6th Street, Louisville  
(502) 574-2191 – Monday-Friday 10:00am-2:00pm – Must have \$10.00 exact cash

**United Parcel Services (The UPS Store)**, locations and store hours vary, costs range from \$13.00 – \$20.00

**Most sheriff’s offices or local police departments**, contact them directly for locations, hours, and pricing

*Please Note: Applicants are encouraged to contact the facility directly, since the information above is subject to change.*



# Disciplinary Actions



## Lee Kraus

Case No. 15-0034  
(Louisville)

**Violation:** Mr. Lee Kraus stipulates to a violation of KRS 324.160(4)(t), for violating KRS 324.085 and 201 KAR 11:230, by failing to satisfy his 2014 continuing education requirement to complete the Commission's 6-hour Core Course.

**Disposition:** Mr. Kraus agreed to have his license changed from "escrowed" to "suspended" for six (6) months. In order to activate his license, Mr. Kraus, within ninety (90) day of the expiration of his suspension, shall complete the current year's continuing education, submit the reinstatement documents to the Commission and pay all necessary renewal and transfer fees as required by KRS 324.287. If he does not, his license shall be canceled and he shall meet the requirements for initial licensure, including retaking the examination.

## Wendy Wilt

Case No. 15-0039  
(Louisville)

**Violation:** Ms. Wendy Wilt stipulated to a violation of KRS 324.160(4)(t), for violating KRS 324.085 and 201 KAR 11:230, by failing to satisfy her 2014 continuing education requirement.

**Disposition:** Ms. Wilt agreed

to pay a fine to the Commission in the amount of Seven Hundred Fifty Dollars (\$750.00), within thirty (30) days from the acceptance date of this Agreed Order by the Commission and she will be issued a formal reprimand.

## Jason R. Gabbard

Case No. 15-0030  
(Lexington)

**Violation:** Mr. Jason Gabbard stipulated to a violation of KRS 324.160(4)(t), for violating KRS 324.085 and 201 KAR 11:230, by failing to satisfy his 2014 continuing education requirement to complete the Commission's 6-hour Core Course.

**Disposition:** Mr. Gabbard agreed to pay a fine in the amount of seven hundred fifty dollars (\$750.00) and to successfully complete the Commission's 6-hour Kentucky Core Course within thirty (30) days from the entry of his Agreed Order. In addition, Mr. Gabbard agreed to accept a formal reprimand.

## Joseph C. Janes

Case No. 15-0032  
(Bowling Green)

**Violation:** Mr. Joseph C. Janes stipulated to a violation of KRS 324.160(4)(t), for violating KRS 324.085 and 201 KAR 11:230, by failing to timely satisfy his 2014 continuing education requirement.

**Disposition:** Mr. Janes agreed to pay a fine to the Commission in the amount of Five Hundred Dollars (\$500.00), within thirty (30) days from the acceptance date of this Agreed Order by the Commission and he will be issued a formal reprimand.

## 2015 KREC STATISTICS

**Legal Phone Inquiries**  
3,007

**Legal E-mail Inquiries**  
1,234

**Complaints Received**  
64

**Active Brokers**  
4,104

**Active Sales Associates**  
8,898

**Escrow Brokers**  
1,120

**Escrow Sale Associates**  
7,774

**New Sales Associates**  
1,195

**New Broker Associates**  
28

**Total Licensees**  
21,896

# DISCLOSURE OF SPECIAL FLOOD HAZARD AREA



## Flooding - America's No. 1 Natural Disaster <sup>1</sup>

By: Rhonda Richardson  
General Counsel

Amendments to 201 KAR 11:350, the Seller's Disclosure of Property Conditions Form ("Form"), were filed in December of 2014, and are expected to be final in early May 2016. One change to the form amends the question regarding "flood plain zone." A flood plain is commonly understood as an area of land adjacent to a river or stream that tends to flood when water levels increase. Before amendment, the Form asked, "Is the property in a flood plain zone?" At the Commission's meeting held at the Pennyryle Forest Kentucky State Park on July 16, 2015, Broker Charlie Collier from Cadiz, Kentucky, pointed out that the Form asked the wrong question regarding flood plain zones. The important question is: "Is the property located in a special flood hazard area that has a greater chance of flooding and for which flood insurance is required for federally backed mortgages?" The purpose of this question is to inform a prospective buyer of this flooding potential and to determine whether or not flood insurance may be required or desired. Typical home insurance policies do not cover

flood damage, which can be costly. According to the National Flood Insurance Program, the average flood claim is \$48,000 and even one inch of water in a 1,000 square foot home can cause up to \$10,000 in damages.

Recognizing this important distinction, the Commission proposed this amendment to the Form and revised the above question to read as follows:

Is the residence located within a special flood hazard area mandating the purchase of flood insurance for federally backed mortgages?

(These are Zones A, A1-30, AE, A99, AO, AH, AR, AR/A1-30, AR/AE, AR/AO, AR/AH, AR/A, V1-30, VE, V, VO, M, and E.) *\*All zones are not applicable to KY*

Information on a property's flood zone classification can be easily located online at the Federal Emergency Management Agency (FEMA) website: <https://msc.fema.gov>, and by clicking "Search by address."

<sup>1</sup> National Flood Insurance Program Statistic

## Special Flood Hazard Areas - High Risk <sup>2</sup>

Special Flood Hazard Areas represent the area subject to inundation by 1-percent-annual chance flood. Structures located within the SFHA have a 26-percent chance of flooding during the life of a standard 30-year mortgage. Federal floodplain management regulations and mandatory flood insurance purchase requirements apply in these zones.

Zone	Description
A	Area of special flood hazard without water surface elevations determined
A1-30, AE	Area of special flood hazard with water surface elevations determined
AO	Area of special flood hazards having shallow water depths and/or unpredictable flow paths
A99	Area of special flood hazard where enough progress has been made on a protective system, such as dikes, dams, and levees, to consider it complete for insurance rating purposes
AH	Areas of special flood hazards having shallow water depths and/or unpredictable flow paths between (1) and (3) feet, and with water surface elevations determined
AR	Area of special flood hazard that results from the decertification of a previously accredited flood protection system that is determined to be in the process of being restored to provide base flood
V	Area of special flood hazards without water surface elevations determined, and with velocity, that is inundated by tidal floods (coastal high hazard area)
V1-30, VE	Area of special flood hazards, with water surface elevations determined and with velocity, that is inundated by tidal floods (coastal high hazard area)
VO	Area of special flood hazards having shallow water depths and/or unpredictable flow paths
M	Area of special mudslide (i.e., mudflow) hazards
E	Area of special flood-related erosion hazards.

<sup>2</sup> Special Flood Hazard areas as set forth in 44 C.F.R. 64.3(b)



## Kentucky Real Estate Commission

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# Mark Your Calendar!



The Commission Meeting is coming to Lexington, Kentucky on July 21, 2016. The meeting will be held at the Griffin Gate Hotel and will begin at 9:00 a.m. Licensees, consumers, and industry experts are invited and encouraged to attend.

Griffin Gate Hotel  
1800 Newtown Pike  
Lexington, KY 40511

## 2016 Commission Meeting Schedule

February 18

August 18

March 24

October 13

April 21

(Half-Century Awards  
Luncheon)

May 19

November 17

July 21

December 15

(Lexington, KY)

*The Commission meetings are open to the public and are held at the Kentucky Real Estate Commission Office, except for the meeting on July 21, 2016, which will be held in Lexington, Kentucky.*



*KREC Participates in TRID Seminar in Mount Sterling, KY  
Pictured left to right: Director of Administration Shelly Saffran,  
Roy Fugitt, Amy Turner & General Counsel Rhonda Richardson*